

Message Text

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64
ACTION EB-07

INFO OCT-01 ARA-06 IO-10 ISO-00 AGR-05 CIAE-00 COME-00

INR-05 LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00

SWF-01 CIEP-01 FRB-01 OMB-01 L-02 /048 W
----- 092434

R 172218Z DEC 74
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 7044
INFO USMISSION GENEVA

LIMITED OFFICIAL USE SAN SALVADOR 4948

E.O. 11652 - N/A
TAGS: ETRD, ES
SUBJ: USG/GOES BILATERAL TEXTILE NEGOTIATIONS

REF: A) STATE 270781; B) SAN SALVADOR 4893

GENEVA FOR PHALEN

1. GOES MINECON HAS ASKED FOR INFORMATION ON COMPOSITION AND
LEVEL OF PROPOSED US DELEGATION TO SUBJECT TEXTILE NEGOTIATIONS.
PLEASE PROVIDE ASAP.

2. ECONMIN OFFICIALS MET WITH SALVADORAN TEXTILE COMMITTEE
(COVERS THE INDUSTRY) DEC 16 TO ANNOUNCE FORTHCOMING
NEGOTIATIONS AND INVOLVE INDUSTRY IN THE PREPARATIONS. OFFICI-
ALS OF SEVERAL OF THE LARGEST FIRMS HAVE CONTACTED US,
SEEKING GUIDANCE ON PREPARATION; WE HAVE ONLY SUGGESTED THAT
THEY HAVE AT HAND DATA RELATING TO PERFORMANCE UNDER THE
EXISTING BILATERAL, CAPACITY ESTABLISHED AND UNDER
CONSTRUCTION, MARKET DATA, ALL BY SPECIFIC ITEM, ETC. ANY
GUIDANCE ON THIS WOULD BE APPRECIATED.

3. GOES AND INDUSTRY FEAR THAT CURRENT TEXTILE INDUSTRY
CONDITIONS, WORLDWIDE BUT ESPECIALLY IN US, PORTEND ILL FOR
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IMPROVING THE SALVADORAN QUOTA. AS A RESULT PRINCIPALLY OF

LOCAL TEXTILE INDUSTRY PROSPERITY IN 1972 AND 1973, A NUMBER OF NEW INSTALLATIONS AND EXPANSIONS WERE PLANNED FOR 1974/75. ALTHOUGH THA AGGREGATE OF THIS NEW INVESTMENT OF BETWEEN \$30 AND 40 MILLIONS HAS BEEN CUT BACK DUE TO THE CURRENT DEPRESSED MARKET, CONSIDERABLE NEW CAPACITY WILL HAVE BEEN INSTALLED BY MID 1975. WE EXPECT THE GOES INITIAL REQUEST TO BE EXTREMELY HIGH, REFLECTING THE POTENTIAL CAPACITY AND THE ASSUMPTION OF ALMOST EXCLUSIVE SALES TO THE US, ALTHOUGH WE KNOW OF NO PLANTS (SAME SOME 807 TYPE) WHICH HAVE INVESTED WITH ONLY THE US MARKET IN MIND. THE GOES, AS IT DID AT THE MANAGUA MEETING, WILL ALSO FOCUS ON THE "LEGISTIMATE" NEED TO TRANSFER QUOTA FROM INDUSTRIALIZED TEXTILE EXPORTERS (EG JAPAN) TO THOSE COUNTRIES WHICH PRODUCE COTTON AND WITH RELATIVELY LOWER COSTS WHICH BENEFIT THE US CONSUMER.

4. THE DEPARTMENT'S ATTENTION IS DRAWN TO THE FOLLOWING EMBASSY COMMUNICATIONS CONCERNING SALVADORAN TEXTILES AND GOES ATTITUDES CONCERNING THE MFA: (A) SAN SALVADOR 2734; B) MEMORANDUM OF CONVERSATION (CASTANERHQKCORDERO/TAYLOR) OF JULY 24; C) SAN SALVADOR 2978; D) LETTER FROM BALTAZAR FERREIRO, SUB-DIRECTOR OF INTERNATIONAL ECONOMY, ECONOMIC MINISTRY, SENT TO EB/FTD UNDER TS DATED SEPT 4.
CAMPBELL

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Message Attributes

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